

THE USE OF BUSINESS PROCES OUTSOURCING IN CREATING CULTURE SUPPORTING INNOVATIONS IN AN ORGANIZATION

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ABSTRACT: The article presents the thematic scope related to the use of outsourcing in creating culture favorable to innovations in an organization. Opinions regarding the importance of innovations in an organization are presented in the first part of the article. Culture's importance in the situation of innovations in an organization has been specified. Opinions of selected researchers in the branch of organizational culture are also presented, especially in the aspect of employees' attitudes towards innovations in an organization. The second part of the article shows an interesting way of creating attitudes towards innovations, connected with the use of outsourcing, both among individual employees and teams. Two types of outsourcing are suggested in the above article and these are: the Internet outsourcing and Business Process Outsourcing (BPO). Selected advantages of the use of outsourcing to create innovation behavior in an organization are discussed in the third part of the article.

KEY WORDS: organizational culture, innovations, outsourcing

1 INTRODUCTION

Nowadays, one of the aspects of managing organizations allow them to survive and develop in turbulent markets is the capability and inclination to create and introduce innovations.

The above statement is confirmed by the results of the survey put out by AMA and carried out by HRI (The AMA/HRI Survey) in November and December 2005 (more than two thirds out of 1356 respondents said that innovations were extremely or highly important for their organizations) [6]. An innovative organization is not only capable to create, implement or diffuse innovations but also to accept innovations from the outside, its environment (clients, scientists, governments, suppliers and even competitors can be the source of new solutions) [5].

Authors such as Achmed [1], Pheysey [1] and Robbins [11] show the key role of organizational culture supporting innovations as a specific code of communication among people. It makes coordination and integration easier and motivates the members of an organization to create and commercialize innovations. According to Griffin organizational culture is a concept which cannot be defined, objectively measured or observed.

2 CULTURE DETERMINANTS

The AMA/HRI Survey explicitly shows that the existence of culture which supports innovations is an important feature of an innovative organization. The main determinants of an organizational culture supporting innovations enlisted by respondents were: an attitude towards the client, cooperation, suitable resources (time and money), communication, ability to choose appropriate ideas, ability to identify creative employees and the autonomy in making decisions [6].

According to S. Thomke from Harvard Business School (Speeding Up Experiments, 2004) listening to clients' imagination can be of a great value. Actual and potential clients have been the source of ideas concerning new solutions for a long time, however, nowadays organizations focus on

clients in a new way. A tendency to 'design thoughts' has developed, i.e. to supply not only goods, but also 'sensations' [9].

As a rule, innovation capability is the effect of cooperation – employees are more creative when they can successfully exchange ideas and knowledge [8] and, what is important, when they are supported by the organization management that specifies clear targets and offers essential resources. It should be stressed that the cooperation of employees, main clients and suppliers can sometimes generate conflicts hence managers play an important role and in case such a conflict arises, their role is to make it constructive.

One of the important determinants of organizational culture which supports innovations is the possession of suitable resources (time and money). On the other hand, insufficient resources are one of the most important barriers for innovation capability [7].

Communication in an organization (unrestricted, clear, based on trust) means not only an exchange of ideas but also learning from one's mistakes. The appropriate type of communication often depends on the type of an innovation activity [13]. In some situations when an organization tries to develop radical innovations, collaborators are often friends or partners having private relations. In other cases (when improving innovations are being introduced) indirect communication (phone, the Internet, videoconferences) is regarded sufficient.

As regards the ability to choose good ideas, almost half of the AMA/HRI Survey respondents (48%) admitted there was no standard policy of ideas evaluation. Technological solutions e.g. mathematical simulations, can often be useful [12].

The fact that organizations need creative staff (who, as a rule, live an inspiring private life, are open to new ideas and do not restrain from expressing their opinions) is obvious [4].

Independence and autonomy are important features of organizational culture which supports innovation capability of an organization. It was stated that the control over making decisions, information flow or even a noticeable control over the payment system could impede creativity and innovation capability [8]. Employees should be able to choose the means needed for achieving the aims, set by the management, freely. Another important element is the tolerance of taking a justified risk – recognition and rewarding risky actions, and not only the successful ones (mistakes should be treated as an occasion to learn - by means of an open discussion and analysis).

Leaders are expected to create a general managing philosophy dealing with the widely understood innovation. Experts prove that encouraging creativity, by means of rewards, strengthens motivation to create and implement creative solutions [2]. Professor Stanford A. Davila states that this issue can be controversial and bonuses should depend on the complexity of a project and should vary up to 30% of the basic pay [10].

3 OUTSOURCING FOR INNOVATIONS

The use of outsourcing is a very interesting attitude towards creating innovation culture in organizations.

Outsourcing is the use of external resources in relation to the mother organization [3].

The use of external resources allows redefining the areas and definitions of an organization which puts work out to contract and this, as a result, develops innovative attitudes among individual employees, teams and the organization itself.

Two concepts out of different types of outsourcing which can be used in the above-mentioned context are useful:

1. The concept of Business Process Outsourcing (BPO). The Business Process Outsourcing concept is based on the fact that the contractor is not only responsible for a commissioned function or process but also for a better use of the resources belonging to the principal and contractor. By means of improving the process, an additional value for the company is created. The most important element in this concept is to specify

responsibilities for the designed and commissioned function which is especially crucial in case some irregularities occur.

2. The concept of internet outsourcing. It is based on making use of the possibility to communicate by means of the Internet. This concept can occur independently but it can also support the above-mentioned concepts. The difference lies in the kind of relations between employees representing the principal and the contractor, there are no direct relations between them.

The participants of an organization which uses this kind of outsourcing need to be competent to cooperate basing on the medium of communication which is the Internet. [3]

The basic difference between these concepts is the type of relations between a contractor and a principal. In case of outsourcing which uses modern communication technologies, relations between the participants of a project are shifted to virtual economy space.

The use of BPO concept causes the principal's employees to present innovative attitudes for such reasons as:

- new technological solutions
- new organizational solutions
- evaluation measures being applied
- essential (modified) competences of individual employees and teams
- new communication systems between a principal and a contractor and also between their employees

Making use of the leader's position by a contractor in a given market branch where the products and services are realized for a principal is a very important aspect.

4 CONCLUSION

To sum up, the use of outsourcing concepts, especially internet outsourcing and BPO supports innovative behavior (it creates organizational culture for innovation) for individual employees, teams and the entire organization.

Applying the criterion of an increased access to the latest know-how solutions (important especially in BPO and internet outsourcing) in outsourcing projects determines innovative behavior of an organization. Such an approach allows to adjust an organization to its environment but also to apply its behavior in order to increase the efficiency of its functioning.

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